

Message Text

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65

ACTION NEA-10

INFO OCT-01 IO-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

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R 131506Z NOV 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 7890

INFO USMISSION GENEVA

UNCLAS CAIRO 11526

GENEVA FOR MTN

E.O. 11652: NA

TAGS: ETRD EFIN BEXP

SUBJECT: GOE REMOVES CUSTOMS DUTIES FROM IMPORTED FOODSTUFFS

1. IN NOVEMBER 12 MEETING, CABINET UNDER PM SALEM APPROVED RECOMMENDATION TO EXEMPT ALL IMPORTED FOODS FROM ALL CUSTOMS DUTIES. EXCEPTION WILL BE MADE IN CASE OF SPECIFIC TYPES, TO BE DETERMINED BY MINSUPPLY, WHICH ARE NOT IN DEMAND. NO WROD WAS GIVEN AS TO WHEN RULING WILL GO INTO EFFECT, BUT IT WILL PROBABLY BE SOON.

2. MOVE IS HIGHLIGHTED IN PRESS AS ADDITIONAL STEP IN LIGHTENING BURDEN ON MASSES BY INCREASING AVAILABILITIES OF CONSUMER GOODS, THEREBY AVOIDING SHORTAGES AND AT SAME TIME KEEPING PRICES DOWN. BOTH PUBLIC AND PRIVATE SECTOR IMPORTS WILL BE EXEMPTED. (PUBLIC SECTOR ALONE CAN IMPORT BASIC, SUBSIDIZED FOODSTUFFS: WHEAT, TEA SUGAR, ETC., SEE CAIRO 10874, WHICH ARE NOT DUTIABLE.)

3. COMMENT. GOE WILL EVIDENTLY RELY ON MARKET MECHANISM
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TO INSURE THAT FINAL PRICE OF FOOD ARTICLES WILL ACTUALLY GO DOWN.

MINTRADE INFORMS US THAT NO EFFORT WILL BE MADE TO CONTROL PRICES SINCE IT IS EXPECTED THAT INFLUX OF COMMODITIES WILL HAVE THAT EFFECT. THERE WILL BE SHORT-TERM POSSIBILITY FOR WIND-FALL GAINS IF DUTIES ARE REMOVED BEFORE COMPETITION CAN GET STARTED, BUT OFFICIALS SAY THIS IS OF NO CONCERN. IMPORTANT THING IS TO INSURE THAT PEOPLE HAVE ENOUGH AND AT REASONABLE PRICES.

4. GREATEST IMPACT WILL PROBABLY BE IN AREAS WHERE DUTIES WERE HIGHEST (CHEESE UP TO 40 PERCENT, CANNED VEGETABLES UP TO 25 PERCENT) AND WILL AFFECT THE UPPER LEVELS OF POPULATION PERHAPS MORE THAN LOWER, AT LEAST INITIALLY. THIS DOES NOT CONFLICT WITH BASIC THRUST OF GOE POLICY, HOWEVER, SINCE MAKING FULL RANGE OF GOOD AVAILABLE TO POPULACE WAS ONE OF REASONS BEHIND "OWN CURRENCY" IMPORTS PROGRAM. COOPERATIVES ARE BEING EXPANDED, AND SINCE PRIVATE SECTOR IS NOW ALLOWED TO SELL TO PUBLIC SECTOR, (SEE CARIO 10874) THERE WILL EVENTUALLY BE INCREASED AVAILABILITIES FOR ALL.
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